

Weekly Economic Review

Job growth resurges in September

Labour Force Survey

Employment spikes in September

The Alberta labour market abruptly changed course in September. After two months of job losses, employment jumped by 21,200, the largest one-month gain in over 3 years. Gains were broad-based across the goods and service producing sectors. Alberta continues to lead all provinces in year-over-year and year-to-date job growth. This year's job growth has come primarily from full-time and private sector positions (Chart 1). September's gain more than erased the jobs lost in the previous two months, pushing the unemployment rate down to 4.4%.

Canada recorded its strongest monthly job gain since May 2013, adding 74,100 in September. The largest gains were in Ontario (+24,700) and Alberta. The national unemployment rate fell to 6.8%.

Housing Starts

Strength across the province

Alberta housing starts in September hit the second highest monthly level so far this year, registering 47,105 (annualized) starts. The volatile multiple-unit category posted a large jump, and single-family starts grew 4.9% year-over-year (y/y). Calgary continued to outpace the rest of the province, with starts up 68.5% y/y, while Edmonton also posted strong growth, at 23.0% y/y. Outside Edmonton and Calgary, housing starts accounted for the highest share (29.4%) of total starts in Alberta since January 2013 (Chart 2).

Canadian housing starts held fairly steady at 197,343 in September. Alberta accounted for roughly one quarter of Canadian housing starts, and in recent months has been approaching Ontario's levels, which stood at 54,746 in September.

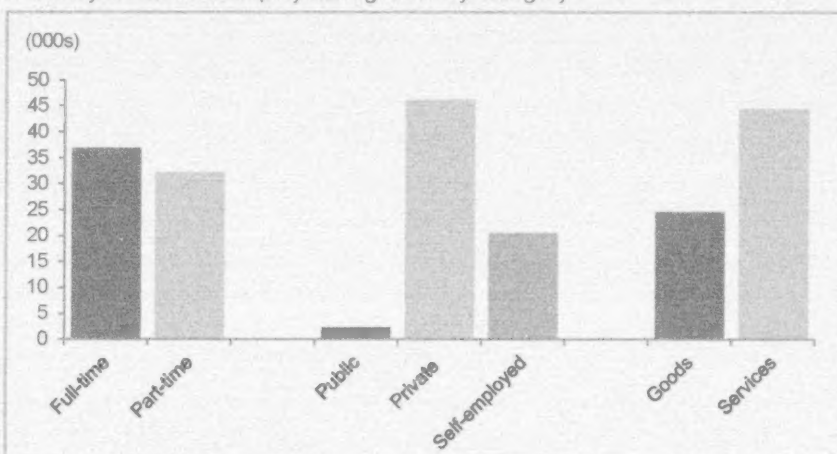
New Housing Price Index

Calgary new house prices rising

Alberta's New Housing Price Index (NHPI) continued to increase in August, growing by 3.2% from a year ago. Non-land costs, including building costs, were up 3.7%, rising faster than land prices, which rose 2.3%. In Calgary, prices were up 6.8%. In contrast, new home prices in Edmonton continue to flatline, down 0.1%

Chart 1: What's driving job growth?

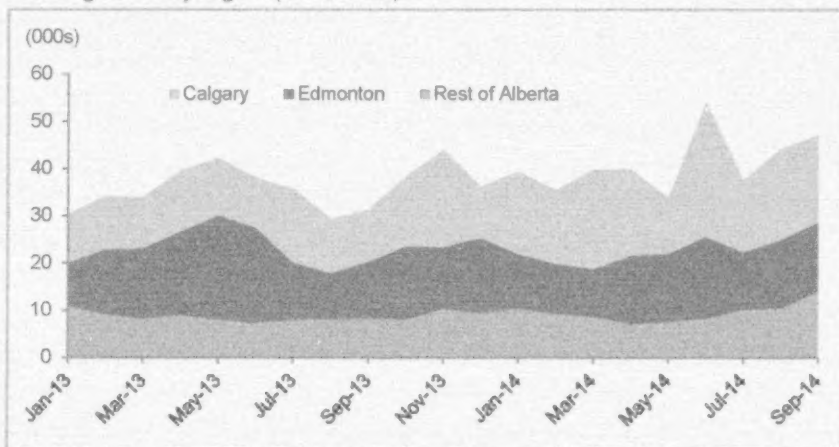
Alberta year-to-date employment growth by category



Source: Statistics Canada

Chart 2: Housing starts on the rise across the province

Housing starts by region (annualized)



Source: Canadian Mortgage and Housing Corporation (CMHC)

from August 2013. Nationally, the NHPI was up 1.5%, led by Alberta among the provinces, and Calgary among the major cities. Calgary has led the country in year-over-year NHPI growth for over a year.

Building Permits

Apartment permit values strengthen

Municipalities issued \$1.8 billion-worth of building permits in August, 2.7% more than in July and 31.4% more than in August 2013. Higher permit values over the summer have helped offset a weak spring, with year-to-date permits up 6.0% over the same period last year. Residential permits led growth (Chart 3), increasing 13.8% from last month and 34.4% from a year ago. Residential construction intentions

picked up in both Edmonton and Calgary. Apartments have driven much of the growth in residential permits this year, with year-to-date permit values up almost 50% over 2013. Non-residential permits decreased 9.9% from July, but are still up 27.3% over August 2013.

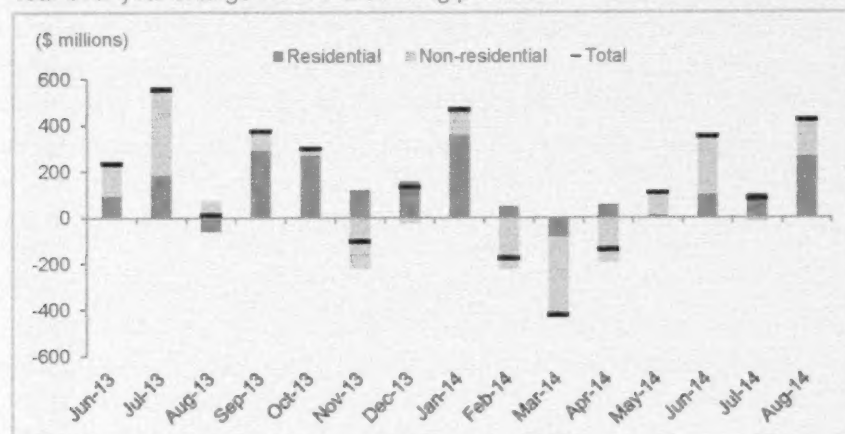
Crude Oil Supply

Oil sands production on the rise

Alberta produced 13.2 million cubic metres of crude oil in July, up 7.9% from a year ago, according to the latest Statistics Canada data. Production of bitumen drove growth, expanding 17.8% y/y. Synthetic (1.3%), and conventional light & medium (3.8%) oil production increased over last year, more than offsetting the small decrease in conventional heavy oil. Year-to-date, Alberta crude oil production has expanded 7.7%.

Chart 3: Continued strength in residential permits

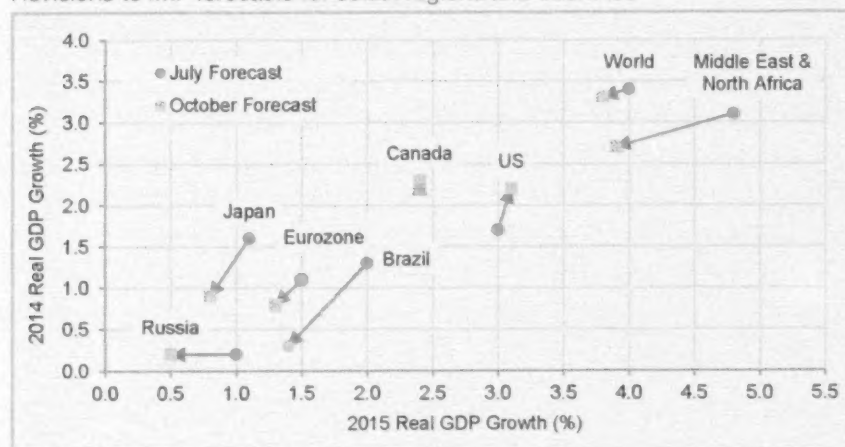
Year-over-year change in Alberta building permits



Source: Statistics Canada

Chart 4: The US is swimming upstream

Revisions to IMF forecasts for select regions and countries



Source: International Monetary Fund (IMF)

World Economic Outlook

IMF downgrades again

The IMF lowered its forecast for global GDP growth by 0.1 percentage points (p.p.) to 3.3% in 2014, and by 0.2 p.p. to 3.8% in 2015. The revisions reflect a second quarter contraction in Japan, persistent weakness in the Eurozone and several emerging markets, and ongoing geopolitical conflicts in Ukraine, the Middle East, and North Africa. This outweighed a 0.5 percentage point upgrade to 2014 US real GDP growth, as second quarter growth was stronger than expected (Chart 4). Canada is benefiting from a resurgent US economy this year, with growth forecasts increased by 0.1 p.p. to 2.3%, while remaining at 2.4% for 2015.

Contact

Kaiter Mullet

780.427.7391

Please see the [Alberta Economy- Indicators at a Glance](#) for a snapshot of Alberta indicators.